

Message Text

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PAGE 01 PANAMA 05754 191524Z

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ACTION SS-25

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 5165

C O N F I D E N T I A L PANAMA 5754

STADIS////////////////////////////////////

EXDIS

FOR ASSISTANT SECRETARY ROGERS FROM AMBASSADOR

E.O. 11652: GDS

TAGS: PFOR, PN

SUBJECT: INCREASED WATER RATES

1. WATER RATE QUESTION HAS HIGH POLITICAL CONTENT. ABOUT A YEAR AGO, GOVERNMENT RAISED RATE TO CONSUMERS AND THEN, WHEN STORM OF PROTEST BROKE, HAD TO BACK DOWN AND RESTORE PREVIOUS RATE. CONVERSELY I AM MOST SYMPATHETIC WITH VIEW OF CANAL COMPANY WHICH IS SUFFERING LOSSES AS RESULT OF INCREASED COSTS FOR PROCESSING WHILE RATE REMAINS AT ARBITRARY LEVEL SET IN JANUARY 1973.

2. I HAVE BEEN TRYING QUIETLY TO WORK PANAMANIAN INTO MOOD TO ACCEPT SOMEWHAT HIGHER RATE BUT RESISTANCE IS GREAT. ONE THING THAT WE ARE EXPLORING IS POSSIBLE LEASE TO PANAMA OF LONG-UNUSED FUEL PIPELINE THAT PASSES UNDER CANAL FROM WATER PROCESSING PLANT. THAT WOULD PERMIT PANAMA TO SUPPLY WATER TO WEST-BANK AREAS OF ARRAIJAN AND CHORRERA WHERE NEW WATER SUPPLIES BADLY NEEDED. IF THAT PROVES FEASIBLE, HAVE EVERY CONFIDENCE PANAMA WILL ACCEPT NEW RATE. BUT PIPELINE IS IN BAD SHAPE AND MAY REQUIRE EXTENSIVE REHABILITATION OR INDEED MAY PROVE UNUSABLE.

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3. MEANTIME I AM CONVINCED IT WOULD BE A MISTAKE TO

INJECT UNILATERALLY IMPOSED NEW RATE IN PRESENT SENSITIVE POLITICAL CLIMATE. WE COULD BILL THEM BUT PANAMA SIMPLY WOULD NOT PAY. SIMPLE AS THAT. MOREOVER IT WOULD FURTHER ALIENATE OPINION WHILE PRODUCING NO NEW REVENUE.

4. HAVE DISCUSSED WITH BUNKER AND HE AGREES WITH ME THAT WE SHOULD NOT MOVE UNILATERALLY ON THIS ONE AT PRESENT TIME AND THAT COMPANY SHOULD LET ME PROCEED WITH QUIET EFFORT TO WORK OUT SOLUTION. TO DO OTHERWISE WOULD CLEARLY HAVE NEGATIVE EFFECT ON GENERAL BILATERAL ATMOSPHERE.
JORDEN

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